

## **102 KAR 1:135. Interest credited to accounts.**

RELATES TO: KRS 161.440, 161.580, 161.705

STATUTORY AUTHORITY: KRS 161.310, 161.440, 161.580

NECESSITY, FUNCTION, AND CONFORMITY: KRS 161.440 requires crediting interest, as defined in KRS 161.220(13), to the various funds of the Teachers' Retirement System, and KRS 161.580 requires that individual accounts be maintained for each member of the system. This administrative regulation sets out the procedures to be followed in crediting interest to each member's account.

Section 1. For individuals who became members prior to July 1, 2008, interest at the rate of three (3) percent shall be credited to the member's account as long as the member is in active status with the retirement system. For individuals who become members on or after July 1, 2008, interest at the rate of two and one-half (2.5) percent shall be credited to the member's account as long as the member is in active status with the retirement system.

Section 2. For purposes of this administrative regulation "active status" means the status of a member who has vested with at least five (5) years of service credit with the retirement system. Members with less than five (5) years of service credit shall be deemed to be in active status if they have had any service in the most recent three (3) years.

Section 3. No interest shall be credited to member accounts during the first fiscal year of membership. Subsequent to the first fiscal year of membership, interest shall be credited as of June 30 of each year of active status.

Section 4. At the end of each fiscal year, interest shall be assigned from the guarantee fund to individual funds as follows:

(1) The teachers' savings fund and the state accumulation fund shall be assigned equal amounts of interest in accordance with Sections 1, 2, and 3 of this administrative regulation.

(2) The allowed reserve fund shall be assigned interest based upon the average month end balance of the fund for each fiscal year. (TRS-17(a); 1 Ky.R. 462; eff. 3-12-75; Am. 2 Ky.R. 7; eff. 9-10-75; 17 Ky.R. 2476; eff. 4-5-91; Crt eff. 2-27-2020; 46 Ky.R. 1586, 2223; eff. 5-5-2020.)